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October 13, 2004

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**VIA FEDERAL EXPRESS**

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, N.W., Room 700  
Washington, DC 20006

▲  
OCT 14 2004  
RECEIVED

Re: **Finance Docket No. 34567**  
**Arkansas Midland Railroad Company, Inc. -- Change in**  
**Operator Exemption -- Line of Union Pacific Railroad Company**

Dear Secretary Williams:

Arkansas Midland Railroad Company, Inc. ("AKMD") hereby certifies that on October 6, 2004, the attached Notice was posted at the workplace in McGehee, Arkansas of employees of Delta Southern Railroad, Inc. ("DSRR") who formerly worked on the rail line between Dermott and Warren, Arkansas (the "Warren Line") that is the subject of this change in operator exemption proceeding. AKMD has conducted all operations on the Warren Line since April 5, 2004 pursuant to emergency service authority under 49 U.S.C. § 11123 and 49 C.F.R. § 1146, and thus no DSRR employees have worked on the line for more than six months. None of the DSRR employees who formerly worked on the Warren Line were or are represented by any labor union.

While McGehee (which was the crew base for DSRR's operations on the Warren Line) continues to be the crew base for DSRR's operations on another line in the area, DSRR does not own or occupy any physical structure at that location. Accordingly, the attached Notice was posted on the DSRR locomotive stationed at McGehee, and also on a nearby telephone pole. A copy was also provided to DSRR's counsel on the same date for display at DSRR's corporate office in Louisiana.

AKMD expects to file with the Board shortly a Verified Notice of Exemption pursuant to 49 C.F.R. § 1150.41(c) for AKMD to lease and operate the Warren Line as a replacement for DSRR.

## FLETCHER & SIPPEL LLC

Mr. Vernon A. Williams

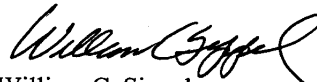
October 13, 2004

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Ten copies of this letter and the attached Notice are enclosed for filing with the Board. One extra copy of this letter and the Notice are also enclosed. I would request that you date-stamp them to show receipt of this filing and return them to me in the provided envelope.

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter.

Respectfully submitted,



William C. Sippel  
Attorney for Arkansas Midland  
Railroad Company, Inc.

WCS:tjl

Enclosures

**ARKANSAS MIDLAND RAILROAD COMPANY**  
**314 Reynolds Road, Building 41**  
**Malvern, Arkansas 72104**

**NOTICE**

Pursuant to regulations of the Surface Transportation Board ("STB") at 49 C.F.R. § 1150.41(e), Arkansas Midland Railroad Company ("AKMD"), a Class III rail carrier, hereby gives notice to employees of Delta Southern Railroad, Inc. ("DSRR") that on or about December 10, 2004, AKMD intends to lease and operate UP's line between Milepost 461.74 at Warren, Arkansas and Milepost 422.32 at Dermott, Arkansas ("the Warren Branch") including overhead trackage rights over UP between Dermott and McGehee, Arkansas. The Warren Branch was formerly leased to and operated by DSRR. Since April 5, 2004, AKMD has operated the Warren Branch under emergency service authority from the STB.

As a result of its operation of the Warren Branch under emergency service authority, AKMD created seven new positions: 1 Assistant Trainmaster position, 3 Trainman/Engineman positions and 3 Trackman positions. As of the date of this Notice, all positions have been filled. AKMD has no plans to create any additional positions as a result of its lease and operation of the Warren Branch. Information regarding employment opportunities on AKMD may be obtained from:

Gary Brown  
Manager of Administration  
Arkansas Midland Railroad Company  
314 Reynolds Road, Building 41  
Malvern, Arkansas 72104  
501/844-4444.